

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

for the year ended 31 December 2001

4. ADVANCES TO CUSTOMERS – BY GEOGRAPHICAL AREAS

The Group's gross advances to customers by countries or geographical areas after taking into account any risk transfers are as follows:

	Total advances		Non-performing loans		Advance Overdue for over three months	
	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	17,806,412	17,876,356	1,143,822	994,540	1,586,891	1,784,534
People's Republic of China	282,820	192,185	88,404	124,732	88,404	124,732
Macau	374,261	62,160	8,000	–	8,000	–
America	180,314	163,397	–	–	–	–
Others	284,465	278,973	–	–	–	–
Total	18,928,272	18,573,071	1,240,226	1,119,272	1,683,295	1,909,266

5. CROSS-BORDER CLAIMS

The Group's cross-border claims by countries or geographical areas which constitutes 10% or more of the relevant disclosure item after taking into account any risk transfers are as follows:

	2001			
	Banks and other financial institutions	Public sector entities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia Pacific				
excluding Hong Kong	5,578,986	90,472	924,610	6,594,068
- of which Japan	2,430,628	–	–	2,430,628
North and South America	2,104,363	16,197	124,925	2,245,485
Europe	8,237,841	–	–	8,237,841
- of which - Germany	2,062,333	–	–	2,062,333
- Netherlands	1,860,980	–	–	1,860,980
- United Kingdom	2,055,219	–	–	2,055,219

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6. CURRENCY RISK

The Group's foreign currency exposures arising from non-trading and structural position which constitute 10% or more of the total net position in all foreign currencies are as follows:

	2001		Total
	US\$	THB	
Equivalent in thousands of HK\$			
Spot assets	6,605,907	34,404	6,640,311
Spot liabilities	(6,683,549)	(3)	(6,683,552)
Forward purchases	157,073	–	157,073
Forward sales	(47,223)	–	(47,223)
Net long position	<u>32,208</u>	<u>34,401</u>	<u>66,609</u>
			MOP
Net structural position			<u>48,545</u>

	2000			Total
	US\$	MOP	THB	
Equivalent in thousands of HK\$				
Spot assets	6,774,270	10,000	35,094	6,819,364
Spot liabilities	(6,856,051)	(17,106)	(3)	(6,873,160)
Forward purchases	165,915	–	–	165,915
Forward sales	(60,280)	–	–	(60,280)
Net long (short) position	<u>23,854</u>	<u>(7,106)</u>	<u>35,091</u>	<u>51,839</u>
				MOP
Net structural position				<u>48,545</u>

7. OVERDUE AND RESCHEDULED ASSETS

	2001			Net amount of advances HK\$'000
	Gross amount of advances HK\$'000	Percentage to total advances	Specific provision HK\$'000	
Advances overdue for				
– 6 months or less but over 3 months	253,795	1.3	28,554	225,241
– 1 year or less but over 6 months	93,312	0.5	17,047	76,265
– over 1 year	1,336,188	7.1	221,240	1,114,948
	<u>1,683,295</u>	<u>8.9</u>	<u>266,841</u>	<u>1,416,454</u>
Rescheduled advances	<u>171,857</u>	<u>0.9</u>	<u>8,590</u>	<u>163,267</u>
Total overdue and rescheduled advances	<u>1,855,152</u>	<u>9.8</u>	<u>275,431</u>	<u>1,579,721</u>
Total overdue advances	<u>1,683,295</u>	<u>8.9</u>	<u>266,841</u>	<u>1,416,454</u>
Less: Advances overdue for more than 3 months and on which interest is still being accrued	495,726	2.6	32,003	463,723
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	52,657	0.3	6,032	46,625
Total non-performing advances	<u>1,240,226</u>	<u>6.6</u>	<u>240,870</u>	<u>999,356</u>

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7. OVERDUE AND RESCHEDULED ASSETS - continued

	2000			
	Gross amount of advances HK\$'000	Percentage to total advances	Specific provision HK\$'000	Net amount of advances HK\$'000
Advances overdue for				
– 6 months or less but over 3 months	600,252	3.2	17,007	583,245
– 1 year or less but over 6 months	483,918	2.6	14,947	468,971
– over 1 year	825,096	4.5	232,102	592,994
	<u>1,909,266</u>	<u>10.3</u>	<u>264,056</u>	<u>1,645,210</u>
Rescheduled advances	<u>93,394</u>	<u>0.5</u>	<u>2,485</u>	<u>90,909</u>
Total overdue and rescheduled advances	<u>2,002,660</u>	<u>10.8</u>	<u>266,541</u>	<u>1,736,119</u>
Total overdue advances	<u>1,909,266</u>	<u>10.3</u>	<u>264,056</u>	<u>1,645,210</u>
Less: Advances overdue for more than 3 months and on which interest is still being accrued	829,793	4.5	–	829,793
Add: Advances overdue for 3 months or less and on which interest is being placed in suspense or on which interest accrual has ceased	<u>39,799</u>	<u>0.2</u>	<u>3,320</u>	<u>36,479</u>
Total non-performing advances	<u>1,119,272</u>	<u>6.0</u>	<u>267,376</u>	<u>851,896</u>

Non-performing advances are advances on which interest is being placed in suspense or on which interest accrual has ceased.

The value of the security of the above overdue advances are analysed as follows:

	2001 HK\$'000	2000 HK\$'000
Total overdue advances	<u>1,683,295</u>	<u>1,909,266</u>
Secured amount	1,379,310	1,574,234
Unsecured amount	<u>303,985</u>	<u>335,032</u>
	<u>1,683,295</u>	<u>1,909,266</u>
Market value of security	<u>2,098,048</u>	<u>2,355,506</u>

The loan borrowers are predominantly located in Hong Kong.

There were no advances to banks and other financial institutions or other assets which were overdue for over 3 months as at 31 December 2001 and 31 December 2000, nor were there any rescheduled advances to banks and other financial institutions.

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8. CAPITAL ADEQUACY AND LIQUIDITY RATIO

	2001	2000
	%	%
Capital adequacy ratio at 31 December		
– Unadjusted	<u>20.92</u>	<u>21.64</u>
– Adjusted	<u>20.87</u>	<u>21.60</u>
Average liquidity ratio for the year	<u>58.56</u>	<u>54.35</u>

The capital adequacy ratio is calculated as the ratio, expressed as a percentage, of the capital base to the risk assets, as specified in the Third Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Bank (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

The adjusted capital adequacy ratio which takes into account of market risks as at the balance sheet date is calculated on the same basis as the unadjusted capital adequacy ratio and in accordance with the Guideline “Maintenance of Adequate Capital Against Market Risks” issued by the Hong Kong Monetary Authority.

The average liquidity ratio is calculated as the ratio, expressed as a percentage, of the average of each calendar month's average ratio, as specified in the Fourth Schedule of the Banking Ordinance, with reference to the financial information of the Bank, Liu Chong Hing Finance Limited, Liu Chong Hing Bank (International) Limited, Liu Chong Hing Banking Corporation, Cayman, and Right Way Investments Limited.

9. OTHER FINANCIAL INFORMATION

The components of the total capital base after deductions as reported under Part I of the Capital Adequacy Return are as follows:

	2001	2000
	HK\$'000	HK\$'000
Core capital		
Paid up ordinary share capital	217,500	217,500
Share premium account	1,542,817	1,542,817
Reserves (eligible for inclusion in core capital)	<u>2,932,283</u>	<u>2,809,956</u>
	4,692,600	4,570,273
Eligible supplemental capital		
Reserves on revaluation of land and interests in land	517,478	525,919
Reserves on revaluation of holding of securities not held for trading purposes	7,109	11,025
General provisions for doubtful debts	<u>179,858</u>	<u>273,443</u>
Total capital base before deductions	5,397,045	5,380,660
Deductions from total capital base	<u>613,597</u>	<u>527,338</u>
Total capital base after deductions	<u>4,783,448</u>	<u>4,853,322</u>